

**OFFICE OF THE GOVERNOR**  
Governor Terry E. Branstad ★ Lt. Governor Kim Reynolds

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Contact: Governor's Office 515-725-3518  
Ashley Jared, Iowa Finance Authority 515-725-4934

## **Branstad, Reynolds Announce New Program that will Allow Iowa Home Buyers to Reduce Federal Tax Liability**

### **Mortgage Credit Certificates may provide Iowa home buyers with up to \$2,000 in annual federal income tax credits**

(DES MOINES) – Gov. Branstad and Lt. Gov. Reynolds were accompanied by Iowa Finance Authority Executive Director Dave Jamison today to announce that eligible Iowans can now buy a home and reduce their federal income tax liability by up to \$2,000 a year for the life of their mortgage. The Take Credit! Mortgage Credit Certificate program is available as of January 1, 2013 and approximately 1,000 Iowa home buyers may benefit from the program. The program is administered by the Iowa Finance Authority, (IFA).

"Iowa home sales are currently up by more than twelve percent over 2011, according to the Iowa Association of Realtors and today's announcement of another resource for Iowa home buyers supports an even greater uptick in home sales, and that is good news for Iowa," said Branstad. "The Take Credit mortgage credit certificate program will provide an added incentive for Iowans to purchase a home, which leads to a healthy, stable economy and also provide Iowa families to keep more of their hard-earned income, income that would otherwise be spent on federal income taxes."

After an eligible homeowner has closed a mortgage loan with an IFA Take Credit! Participating Lender, IFA will issue the homeowner a mortgage credit certificate for pre-approved applicants. The homeowner in turn may apply the credit against their federal income tax liability on an annual basis for the life of their mortgage. The credit may be claimed on IRS Form 8396.

"Through the program, fifty percent of eligible homeowners' mortgage interest becomes a tax credit that can deduct dollar-for-dollar from federal income tax liability," said Reynolds. "For example, a family with a \$70,000 four percent fixed interest, thirty year mortgage would receive a tax credit of \$1,388.78 in the first full year of homeownership. I encourage Iowans to look into this valuable resource provided by the Iowa Finance Authority."

Eligible home buyers must be approved for a mortgage and meet federal requirements, including income limits, maximum home sale price, limited prior homeownership interest and purchasing the home as a primary residence. More information including a Participating Lender list and eligibility quick check tool are available at [IowaFinanceAuthority.gov](http://IowaFinanceAuthority.gov).

“The Iowa Finance Authority is also announcing an exciting opportunity for all Iowans to participate in our ‘Home in Paradise’ social media contest January-March for a chance to win an Iowa vacation package this winter,” said Iowa Finance Authority Executive Director Dave Jamison. “The contest is a fun way to gain momentum for homeownership as we simply ask Iowans to show us the creative ways that they beat cabin fever over the winter months. I encourage lenders, Realtors and real estate agents to sign up today to offer this contest to their clients at [IowaFinanceAuthority.gov/Contest](http://IowaFinanceAuthority.gov/Contest).”

The mortgage credit certificate was authorized by Congress in the 1984 Tax Reform Act and functions like a federal income tax credit. Funding for the program is made available through federal private activity bond volume cap, which was set to expire on December 31, 2012, if not used. The mortgage certificate credit funding will be available through 2014 or until the funds are expended.

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